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RECORDATION NO.

24454-1

MAY 15 '03

2-51 PM

SURFACE TRANSPORTATION BOARD

OF COUNSEL  
URBAN A. LESTER

May 15, 2003

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are three (3) copies of a Memorandum of Mortgage (Trust Indenture), dated as of May 15, 2003, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Assignment and Assumption Agreements being filed with the Board under Recordation Numbers 24454 and 24454-A.

The names and addresses of the parties to the enclosed document are:

Head Lessor:

Lloyds TSB Equipment  
Leasing (No. 5) Limited  
c/o Lloyds TSB Leasing  
25 Gresham Street  
London EC2V 7HN  
England

Head Lessee:

North America Rail Leasing  
#1 LLC  
(d/b/a Babcock & Brown Rail Leasing)  
c/o Babcock & Brown LP  
230 Park Avenue

Mr. Vernon A. Williams  
May 15, 2003  
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Indenture Trustee: Wells Fargo Bank Northwest N.A.  
79 South Main Street  
Salt Lake City, UT 84111

A description of the railroad equipment covered by the enclosed document is:

150 flatcars AOK 21230 – AOK 21379  
165 boxcars UP 354450 – UP 354614

A short summary of the document to appear in the index follows:

Memorandum of Mortgage (Trust Indenture)

Also enclosed is a check in the amount of \$30.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return one stamped copy of the enclosed documents to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/anr  
Enclosures

**MEMORANDUM OF MORTGAGE (TRUST INDENTURE)**

Memorandum of Mortgage (Trust Indenture), made and entered into as of May <sup>15</sup>, 2003 by **NORTH AMERICA RAIL LEASING #1 LLC** (d/b/a Babcock & Brown Rail Leasing) ("Head Lessee") and **LLOYDS TSB EQUIPMENT LEASING (NO. 5) LIMITED** ("Head Lessor") in favor of **WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION**, as Indenture Trustee under the Trust Indenture referred to below (together with its successors and permitted assigns, the "**Indenture Trustee**"). Terms used in this instrument have the meanings assigned thereto (whether by reference to another document or otherwise) in that certain Trust Indenture and Security Agreement (BBRL I) dated as of May 13, 2003 (as amended, modified or supplemented, the "**Trust Indenture**") among the Head Lessor, as assignee of BBRM Sub #1 LLC, Head Lessee, the Indenture Trustee and Landesbank Schleswig-Holstein Girozentrale, New York Branch, as Initial Lender, or if not defined therein, in the Title Mortgage referred to below.

**W I T N E S S E T H:**

Head Lessor, as assignee of BBRM Sub #1 LLC, and Head Lessee have entered into the Trust Indenture, by which Head Lessor and Head Lessee (or either of them, as the case may be) have granted to the Indenture Trustee, in order to secure the obligations set forth in the Trust Indenture, a first priority security interest in, *inter alia*, all of their right, title and interest in, to and under:

(a) certain railroad equipment bearing reporting marks as listed on Exhibit A attached hereto (collectively, the "Units");

(b) each lease referred to on Exhibit B attached hereto (as amended, modified or supplemented, collectively, the "Initial Leases") and any other lease entered into by Head Lessee or the Head Lessor with respect to the Units;

(c) that certain Master Railcar Head Lease Agreement (BBRL I) dated as of May 13, 2003, as amended, modified or supplemented, by which Head Lessor, as assignee of BBRM Sub #1 LLC, has leased the Units to Head Lessee, and Head Lessee has leased the Units from Head Lessor, in each case subject to the Initial Leases; and

(d) that certain Title Mortgage (BBRL I) dated as of May 13, 2003 (as amended, modified or supplemented, the "Title Mortgage"), by which BBRM Title Holding SPC # 1 LLC has granted to Head Lessor, as assignee of BBRM Sub #1 LLC, a first priority security interest in, *inter alia*, all of its right, title and interest in, to and under the Units and the Initial Leases.

REGISTRATION NO. 24454-1

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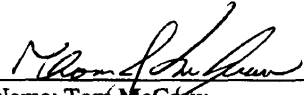
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SURFACE TRANSPORTATION BOARD

[Memorandum of Mortgage-Indenture (BBRL I)]

**IN WITNESS WHEREOF**, each of Head Lessor and Head Lessee has caused this memorandum to be duly executed by its officer duly authorized as of the date and year first above written.

**NORTH AMERICA RAIL LEASING #1 LLC**  
**(d/b/a Babcock & Brown Rail Leasing),**  
as Head Lessee

By:   
Name: Tom McGraw  
Title: Vice President

**LLOYDS TSB EQUIPMENT LEASING**  
**(NO. 5) LIMITED,**  
as Head Lessor

By:   
Name:  
Title:

STATE OF NEW YORK     )  
  )  
COUNTY OF NEW YORK    )

On the 15<sup>th</sup> day of May in the year 2003 before me personally came Thomas McGraw to me known, who, being by me duly sworn, did depose and say that he reside) at 1632 Washington Lane, West Chester, PA 19382; that he is a Vice President North America Rail Leasing #1 LLC (d/b/a Babcock & Brown Rail Leasing), the limited liability company described in and which executed the above instrument; and that he signed his their name thereto by authority of the officers of said limited liability company.

*Jennifer Moreau*  
Notary Public  
*Jennifer Moreau*  
Notary Public, State of New York  
No. 01406036546  
Qualified in Queens County  
Commission Expires January 26, 2006

[Notarial Seal]

STATE OF NEW YORK     )  
  )  
COUNTY OF NEW YORK    )

On the 15<sup>th</sup> day of MAY in the year 2003 before me personally came Owen Harnagton to me known, who, being by me duly sworn, did depose and say that he/she/they reside(s) at 25 Gresham Street, London UK; that he/she/they is (are) the Attorney-in-Fact ([president or other officer or director or attorney in fact] duly appointed) of the Lloyds TSB Equipment Leasing (UK) Limited, the entity described in and which executed the above instrument; and that he/she/they signed his/her their name(s) thereto by authority of the board of directors of said corporation.

*Patricia A. Wages*  
Notary Public

[Notarial Seal]

PATRICIA A. WAGES  
Notary Public, State of New York  
No. 01WA6051049  
Qualified in New York County  
Commission Expires November 18, 2006

**EXHIBIT A**

**List of Units**

<b><u>Quantity</u></b>	<b><u>Equipment Description</u></b>	<b><u>Reporting Marks and Numbers</u></b>
150	73' 0" 110-ton Centerbeam Car Plate C 286,000 lb Gross Rail Load	AOK 21230-21379, inclusive
165	60' 9" Plate F Boxcar, 286,000 lb Gross Rail Load with 15" End of Car Cushioning, Double 8' 0" x 12' 4" Plug Doors	UP 354450-354614, inclusive

## **EXHIBIT B**

### **List of Leases and Other Operative Agreements**

#### **Lease No. 1 – BC Rail Partnership**

Lease Agreement made as of March 1, 2002, by and between the Seller, as assignee of Greenbrier Leasing Corporation, and BC Rail Partnership.

Schedule No. 2 to Lease Agreement made as of May 1, 2002, between the Seller, as assignee of Greenbrier Leasing Corporation, and BC Rail Partnership.

Memorandum of Lease Agreement made and entered into as of May 1, 2002, by and between the Seller, as assignee of Greenbrier Leasing Corporation, and BC Rail Partnership.

Certificate of Acceptance dated October 23, 2002 executed by BC Rail Partnership relating to the railcars listed therein.

Bills of Sale dated May 31, 2002, June 17, 2002, June 28, 2002, July 15, 2002 and July 31, 2002, from TrentonWorks Limited to Greenbrier Leasing Corporation and the Certificates of Acceptance executed by Greenbrier Leasing Corporation to the railcars identified in each Bill of Sale.

#### **Lease No. 2 – Union Pacific Railroad Company**

Master Lease Agreement made as of September 30, 2002, by and between the Seller, as assignee of Greenbrier Leasing Corporation, and Union Pacific Railroad Company.

Rider No. 1 to Master Lease Agreement dated as of September 30, 2002, by and between the Seller, as assignee of Greenbrier Leasing Corporation, and Union Pacific Railroad Company, to the extent the same relates to the Equipment described in Schedule 2 hereof.

Amendment No. 1 to Lease Rider No. 1 entered into effective on February 25, 2003, by and between the Seller, as assignee of Greenbrier Leasing Corporation, and Union Pacific Railroad Company, to the extent the same relates to the Equipment described in Schedule 2 hereof.

Memorandum of Master Lease Agreement and Rider No. 1 made and entered into as of September 30, 2002, between the Seller, as assignee of Greenbrier Leasing Corporation, and Union Pacific Railroad Company, to the extent the same relates to the Equipment described in Schedule 2 hereof.

Certificate of Acceptance dated as of September 30, 2002 executed by Union Pacific Railroad Company.

Bill of Sale dated February 11, 2003 from Gunderson, Inc. to Greenbrier Leasing Corporation and the Certificate of Acceptance executed by Greenbrier Leasing Corporation in relation to the railcars identified in such Bill of Sale.

Letter Agreement dated February 26, 2003, between Greenbrier Leasing Corporation and  
Babcock & Brown Rail Funding LLC.

Exhibit B  
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**CERTIFICATION**

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: \_\_\_\_\_

5/15/03



\_\_\_\_\_  
Robert W. Alvord